

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

WESTERN MASON COUNTY WATER)	
DISTRICT COMMISSIONERS PAM)	
CARPENTER, SECRETARY; JERRY FIELDS,)	
TREASURER; LARRY REDDEN, CHAIRMAN;)	CASE NO.
AND MANAGER DAVID FRENCH)	2015-00155
ALLEGED FAILURE TO COMPLY WITH KRS)	
278.300(1))	

ORDER

On December 1, 2014, Western Mason County Water District ("Western Mason District") tendered its application for a rate adjustment pursuant to 807 KAR 5:076. This application was assigned Case No. 2014-00421.¹ After Western Mason District corrected filing deficiencies, the Commission accepted the application for filing on December 23, 2014.

The Commission issued an Order on January 12, 2015, establishing a procedural schedule. Pursuant to the procedural schedule, Commission Staff filed a Staff Report on March 24, 2015, after conducting a field review of Western Mason District's financial records. During its field review, Commission Staff discovered that Western Mason District has an outstanding ten-year note dated January 10, 2014, payable to the Bank of Maysville in the amount of \$86,374 for which the Commission's authorization was required pursuant to KRS 278.300 but was never sought or received by Western Mason

¹ Case No. 2014-00421, *Alternative Rate Adjustment Filing of Western Mason County Water District* (Ky. PSC May 15, 2015).

District. In the May 15, 2015 Order approving new rates for Western Mason District, the Commission stated that in addition to having issued this note without prior approval, Western Mason District had entered into three prior evidences of indebtedness, none of which are still outstanding, without prior approval.²

KRS 278.300(1) states that no utility shall issue any form of indebtedness unless it has been authorized to do so by an Order of the Commission. The Commission finds that a prima facie case has been made that in violation of KRS 278.300, Western Mason District obtained an \$86,374 loan for a term of ten years from the Bank of Maysville without obtaining an Order from the Commission authorizing Western Mason District to issue the indebtedness.

Pursuant to KRS 74.020(1), "A water district shall be administered by a board of commissioners which shall control and manage the affairs of the district." The Commission finds that a prima facie case has been made that Western Mason District commissioners Pam Carpenter, secretary; Jerry Fields, treasurer; Larry Redden, chairman; and Western Mason District manager David French, acting in their respective individual capacities as current members of Western Mason District's Board of Commissioners, or as the utility's manager, willfully aided and abetted in the above violation.

IT IS THEREFORE ORDERED that:

1. Western Mason District commissioners Pam Carpenter, secretary; Jerry Fields, treasurer; Larry Redden, chairman; and Western Mason District manager David French, individually in their respective capacities as current commissioners of Western Mason District, or as the utility's manager, shall submit to the Commission individual

² *Id.* at 2.

written responses to the allegations contained herein within 20 days of the date of this Order.

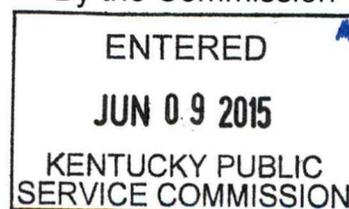
2. Western Mason District commissioners Pam Carpenter, secretary; Jerry Fields, treasurer; Larry Redden, chairman; and Western Mason District manager David French, individually in their respective capacities as current commissioners of Western Mason District, or as the utility's manager, shall appear at a hearing scheduled for Tuesday, August 25, 2015, at 10 a.m. Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, and be prepared to show cause why they should not be subject to the penalties prescribed in KRS 278.990(1) for the alleged violation of KRS 278.300.

3. The August 25, 2015 Hearing shall be recorded by videotape only.

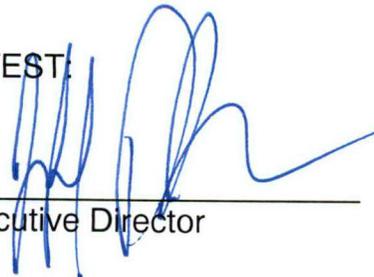
4. The record of Case No. 2014-00421 shall be incorporated into this case by reference only.

5. Any request for an informal conference, which may be held via phone with Commission Staff at the request of any of the above-named commissioners, or utility manager, to discuss the issues in this case, shall be set forth in writing and filed with the Commission within 20 days of the date of this Order.

By the Commission



ATTEST:



Executive Director

*David French
Office Manager
Western Mason County Water District
2573 Mary Ingles Highway
P. O. Box 49
Dover, KY 41034-0049

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